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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, FEBRUARY 18, 1999

APPLICATION OF

SOUTHNET TELECOMM-VIRGINIA, INC.

CASE NO. PUC980129

For a certificate of public  
convenience and necessity to  
provide local exchange  
telecommunications services

FINAL ORDER

On October 29, 1998, SouthNet Telecomm-Virginia, Inc. ("SouthNet" or "the Company") completed an application for a certificate of public convenience and necessity ("certificate") to provide local exchange telecommunications services throughout the Commonwealth of Virginia. By Order dated November 6, 1998, the Commission directed the Company to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to SouthNet's application. On December 9, 1998, Staff filed its report finding that SouthNet's application was in compliance with the Commission's Local Rules.

A hearing was conducted on December 17, 1998, and continued to January 27, 1999, at which time SouthNet filed all proofs of publication and proof of service as required by the scheduling

order dated November 6, 1998. At the hearings, the application and accompanying attachments, and the Staff's report were entered into the record without objection. SouthNet agreed to the recommendations contained in the Staff's report.

Having considered the application and the Staff's report, the Commission finds that SouthNet should be granted a certificate to provide local exchange telecommunications services. We also find the Company's request for a waiver of § 2.E.1 of the Local Exchange Rules, as it relates to filing audited financial statements with the application, should be granted. Although we will require the Company to retain any customer deposits in an unaffiliated third-party escrow account, this requirement should not be interpreted to prevent the Company's normal access to deposits from delinquent terminated accounts.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) SouthNet Telecom-Virginia, Inc. hereby is granted a certificate of public convenience and necessity, No. T-435, to provide local exchange telecommunications services subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) SouthNet shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(3) SouthNet shall provide to the Division of Economics and Finance audited financial statements no later than one year from the effective date of its initial tariff.

(4) Should SouthNet collect customer deposits, it shall establish and maintain an escrow account, held by a third party, to hold such funds, and shall notify the Commission Staff of the escrow arrangement. Any escrow arrangement established pursuant to this order shall be maintained for such time as the Staff or Commission determines necessary.

(5) There being nothing further to come before the Commission, this case shall be dismissed and the papers herein placed in the file for ended causes.